

## Message Text

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PAGE 01 STATE 240759

64

ORIGIN EA-14

INFO OCT-01 ISO-00 EB-11 COME-00 INT-08 SCEM-02 SCI-06

OMB-01 TRSE-00 NEA-10 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-14 /163 R

DRAFTED BY EA/ROC:JWMOYLE:JAW

APPROVED BY EA/ROC:RWSULLIVAN

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FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI PRIORITY

C O N F I D E N T I A L STATE 240759

E.O. 11652: GDS

TAGS: PFOR, ENRG, TW

SUBJECT: MIDDLE EAST OIL AND TAIWAN

REF: (A) TAIPEI 7269 (B) TAIPEI 6966

1. DEPARTMENT HAS BEEN RECEIVING VARIOUS NEWS ITEMS ON RESULTS ROC ECONOMIC MISSION TO SAUDI ARABIA AND JORDAN. FBIS ITEM DATED DECEMBER 5 REPORTS THAT ECONOMIC MINISTER Y.S. SUN REPORTED TO CCK THAT KING FAISAL HAS DECIDED THAT ROC WILL BE PUT ON LIST OF THOSE COUNTRIES WHOSE OIL SUPPLY WILL NOT BE LIMITED. ITEM ALSO REPORTS THAT SUN CARRIED BACK HAND-WRITTEN LETTER FROM FAISAL TO PRESIDENT CHIANG. CNA ITEM DATED DECEMBER 7 QUOTES CPC PRESIDENT JEROME HU AS STATING THAT SAUDI ARABIA WILL ALLOW ROC TO IMPORT THROUGH INTERNATIONAL OIL COMPANIES AMOUNT OF OIL WHICH WAS DAILY AVERAGE IN FIRST THREE QUARTERS OF 1973. IN ADDITION, HU SAID, ROC PERMITTED DIRECT PURCHASE FROM SAUDI ARABIA OF 10,000 BARRELS PER DAY. SAME CNA ITEMS SAYS KUWAIT HAS REDUCED SHIPMENTS TO ROC BY 10 TO 15 PERCENT. WE ALSO NOTE NOVEMBER 21 CNA REPORT THAT ROC WILL  
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PAGE 02 STATE 240759

PURCHASE CRUDE FROM NIGERIA.

2. WE UNDERSTAND FROM ROC AMBASSADOR SHEN THAT MAJOR PURPOSE OF FORTHCOMING VISIT OF SAUDI VICE MINISTER FOR COMMERCE AND INDUSTRY WILL BE TO DISCUSS WHAT SAUDIS WILL

RECEIVE IN RETURN FOR OIL. SHEN ALSO STATED THAT SAUDIS INTERESTED IN ROC INVESTMENT IN SAUDI PETROCHEMICAL INDUSTRY.

3. WOULD APPRECIATE EMBASSY COMMENT AND EVALUATION OF ABOVE INFORMATION. WHAT WAS DAILY AVERAGE OF OIL SHIPMENTS FROM SAUDI ARABIA IN FIRST THREE QUARTERS? DOES ROC BELIEVE KUWAIT OIL POLICY TOWARD ROC WILL BE AFFECTED BY SAUDI DECISION? WILL UNDERSTANDINGS REACHED DURING VISIT OF ECONOMIC MISSION AND FORTHCOMING VISIT OF SAUDI VICE MINISTER CAUSE SAUDIS TO PERMIT INCREASE IN DIRECT PROCUREMENT BY ROC? WHAT IS THE LEVEL OF ROC OIL IMPORTS LIKELY TO BE IN NEXT YEAR OR SO? HOW WILL ECONOMY BE EFFECTED? WILL GNP GROWTH RATE SLOW? WHAT SUCCESS WILL ROC HAVE IN ATTEMPTING TO DIVERT TO OTHER SOURCES SUCH AS NIGERIA? HOW HAS THE ROC'S RELATIONSHIP WITH INTERNATIONAL OIL CORPORATIONS, PARTICULARLY GULF, BEEN AFFECTED?

4. REPORTING ON LONGER TERM POLITICAL AND ECONOMIC IMPACT ON ROC OF WORLD OIL CRISIS WILL BE DISCUSSED IN LETTER ON GENERAL REPORTING REQUIREMENTS TO BE FORWARDED SHORTLY.

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